

**COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION**

**FISCAL NOTE**

L.R. No.: 1718-01  
Bill No.: HB 501  
Subject: Children and Minors; Insurance - Medical; Insurance Dept.  
Type: Original  
Date: March 10, 2003

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**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
<b>FUND AFFECTED</b>	<b>FY 2004</b>	<b>FY 2005</b>	<b>FY 2006</b>
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2004</b>	<b>FY 2005</b>	<b>FY 2006</b>
Insurance Dedicated Fund	\$8,000	\$0	\$0
<b>Total Estimated Net Effect on Other State Funds</b>	<b>\$8,000</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 4 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>
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FUND AFFECTED	FY 2004	FY 2005	FY 2006
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

### FISCAL ANALYSIS

#### ASSUMPTION

Officials from the **Missouri Department of Conservation (MDC)** assume the proposal would not have a significant impact on MDC funds.

Officials from the **Missouri Consolidated Health Care Plan (HCP)** state the HCP HMO and Copay plans cover formula and low protein modified food products recommended by the physician for treatment of Phenylketonuria (PKU), as any other medical benefit under the plan.

The HCP public entity PPO plan also covers the supplements as any other medical benefit under the plan. The network benefit is 20% coinsurance after \$500 deductible. The out-of-network benefit is 40% coinsurance after \$1,000 deductible.

This proposal does not fiscally impact the state or local governments.

Officials from the **Department of Social Services - Division of Medical Services (DMS)** state formula and low protein foods for recipients with PKU in MC+ managed care health plans are clearly covered for children up to age 21 and through the exception process for those 21 years old and over. Therefore, the DMS does not believe there will be additional costs to the MC+ managed care health plan program.

#### ASSUMPTION (continued)

Officials from the **Department of Public Safety - Missouri Highway Patrol (MHP)** defer to

the Department of Transportation for response regarding the fiscal impact of this proposal on the MHP.

Officials from the **Department of Transportation (DOT)** state that currently the Highway & Patrol Medical Plan provides coverage for formula and low protein modified food products recommended by a physician for the treatment of phenylketonuria or any inherited disease of amino and organic acids who is covered under the plan and who is less than six years of age. Due to the low incident rate of amino and organic disorders, we feel there would be a very minimal fiscal impact to the Highway & Patrol Medical Plan.

**Oversight** assumes, based on DOT's response, that minimal costs could be absorbed within the existing resources of DOT's various funds.

Officials from the **Department of Insurance (INS)** state the department estimates 160 insurers and HMOs would be required to submit amendments to their policies to comply with the legislation. Policy amendments must be submitted to the INS for review along with a \$50 filing fee. One-time additional revenues to the Insurance Dedicated Fund are estimated to be \$8,000.

Additional staff and expenses are not being requested with this single proposal, but if multiple proposals pass during the legislative session which require policy form amendments and review, the INS will need to request additional staff to handle the increase in workload.

**This proposal would result in an increase in Total State Revenue.**

<u>FISCAL IMPACT - State Government</u>	FY 2004 (10 Mo.)	FY 2005	FY 2006
<b>INSURANCE DEDICATED FUND</b>			
<u>Income - Department of Insurance</u>			
Policy form filing fees	<u>\$8,000</u>	<u>\$0</u>	<u>\$0</u>
<b>ESTIMATED NET EFFECT ON INSURANCE DEDICATED FUND</b>	<b><u>\$8,000</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>
<u>FISCAL IMPACT - Local Government</u>	FY 2004 (10 Mo.)	FY 2005	FY 2006
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

### FISCAL IMPACT - Small Business

Small businesses would be expected to be fiscally impacted to the extent they may incur additional health insurance costs due to the requirements of this proposal.

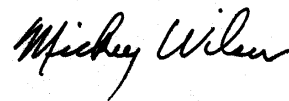
### DESCRIPTION

This proposal removes the age restriction on mandated coverage of low-protein formula for persons suffering from PKU (Phenylketonuria) disease. Current law mandates this coverage only for children under the age of six. The proposal also removes language that allows insurers to charge a co-payment of up to 50% of the cost of the formula. In addition, the proposal removes language that allows the Director of the Department of Insurance to determine which limited health insurance plans are exempt from the coverage mandate.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

### SOURCES OF INFORMATION

Department of Transportation  
Department of Social Services  
Department of Public Safety -  
    Missouri Highway Patrol  
Missouri Consolidated Health Care Plan  
Department of Insurance  
Missouri Department of Conservation



MICKEY WILSON, CPA  
DIRECTOR  
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